

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1441 Main Street, Suite 300
Columbia, SC 29201



DAN F. ARNETT
CHIEF OF STAFF

Main Line: (803) 737-0800
Legal Department: (803) 737-0877

FLORENCE P. BELSER
GENERAL COUNSEL

VIA EFILING AND HAND DELIVERY

April 3, 2007

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

RE: Proceeding to Establish Guidelines for an Intrastate Universal Service Fund
Docket No. 1997-239-C

Dear Mr. Terreni:

Thank you for the opportunity to offer topics for consideration by the Commission in the Intrastate Universal Service Fund docket. As fund administrator, ORS has identified the following issues for the Commission to explore.

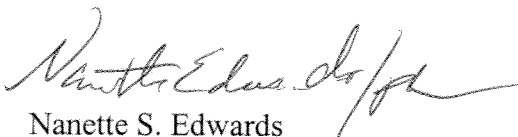
1. **Change the Fund fiscal year to match the state fiscal year.**
Currently the Intrastate Universal Service fund fiscal year does not match the state's fiscal year. It would be more administratively efficient for ORS to close out the fund fiscal year at the same time all other books and records of the state are being closed.
2. **Consider whether the Fund should be adjusted semi-annually.**
ORS suggests that carrier information be submitted in April of each year, commensurate with the filing of the federal USF 499A report. This will enable ORS to adjust the fund closer to the period for which the assessment is based. ORS also suggests that the Fund be adjusted in the second half of the year to take into account mis-reported information, late filers, updated Lifeline data, and to true-up for companies no longer certificated.
3. **Establish a time limitation for companies to identify reporting errors regarding overpayments to the fund.**
Currently companies that identify errors they have made in reporting revenue to the fund are not limited in the time they have to report these errors. ORS suggests that the

Commission limit the time for identifying overpayment errors to two years after the end of the reporting period in question.

4. **Charge a fee for carriers filing USF reports late.** Late filers cause unnecessary work for the administrator in resizing the USF fund. In addition, late filed reports may result in other companies paying more into the fund than necessary until the fund can be readjusted during the next resizing. Late filers should be penalized for the burden they create.
5. **Clarify how much USF support Carriers of Last Resort ("COLRs") should receive for services and facilities provided to other carriers.** The Guidelines state, "the COLRs which provide the underlying facilities to resale competitors will be entitled to receive the full amount of per-line USF support for those facilities." (p. 5) This guideline was written when unbundled network element ("UNE") rates applied. However, now network elements are sold under "commercial agreements" at "market based" rates. Therefore, the administrator has no knowledge of how much the COLR is receiving for leased facilities.
6. **Clarify whether USF support should be provided to COLRs based on a COLR's loss of revenue as determined in its latest cost study supporting universal service fund requests or based on a per line basis as determined in its latest approved per line cost study and adjusted annually.**
Since the beginning of the fund, the USF has provided support to COLRs based on loss of revenue. However, there are statements in the guidelines and in the orders that could be interpreted to support both positions.
7. **Examine how the services that are included as part of a bundled service package or a contract offering should be assessed for USF purposes.**
8. **Discuss trends in the telecommunications sector that affect the USF Fund factor.**

Thank you for the opportunity to discuss these important issues.

Sincerely,



Nanette S. Edwards

NSE/pjm

cc: Parties of Record